
Minutes

Board of Natural Resources

February 1, 2005
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

Doug Sutherland, Commissioner of Public Lands

Terry Bergeson, Superintendent of Public Instruction

Bob Nichols for Governor Christine Gregoire

Bruce Bare, Dean, University of Washington, College of Forest Resources

Ted Anderson, Commissioner, Skagit County

R. James Cook, Interim Dean, Washington State University, College of Agricultural, Human, and Natural Resource Sciences

CALL TO ORDER

Chair Sutherland called the meeting to order at 9:05 a.m. on, February 1, 2005, in Room 172 of the Natural Resources Building.

APPROVAL OF MINUTES

MOTION: Dr. Bare moved to approve the January 4 & January 18, 2005, Board of Natural Resources Meeting Minutes.

SECOND: Commissioner Anderson seconded.

ACTION: Motion passed unanimously.

TRUST LAND TRANSFER PROGRAM OVERVIEW

Evert Challstedt presented. He reminded the Board that he had presented this similar topic at the November 2, 2004 meeting. He explained that the Trust Land Transfer (TLT) program is extremely important to the Department and has been over the past fifteen years. He noted that legislation provides that the property be appraised in two parts, timber and land. The timber value goes directly to support public schools; it's a legislative appropriation that goes directly through the program into the Common School Construction account. The land value is placed in the Land Replacement account and is used to purchase other property better suited for income production to fund schools in the future. The TLT program assists in divesting of under performing land assets that have special ecological and social attributes, and allows DNR to reinvest in revenue productive properties. The program diversifies trust assets and protects special properties for public benefit. Mr. Challstedt explained that the program started in 1989, and to date, appropriations have totaled almost half a billion dollars, over 82% of that going directly to the Common School Trust. He then described the property selection criteria: Trust land with special ecological and social attributes that are under performing for revenue production; suitable property with older timber; aggregate timber-to-land ratio 80% or greater; TLT has to be considered most appropriate disposal method and a public agency has to be willing to accept and manage the property for designated public use. For this coming biennium DNR has submitted two appropriation requests: \$67

million for the transfer of 25 properties; \$13.4 million for purchases (20% of the appropriation). Mr. Challstedt gave a brief overview of the transfer timeline:

April 2005: Legislature approves budget bill, which historically has included the TLT appropriation, specific direction, and the property transfer list.

July 2005: Appraisals will be initiated and all transfers will be subject to BNR approval.

June 30, 2007: Transfers complete. Unused funds transferred to Common School Construction Account

October 2006: The 07-09 TLT property list will be presented for BNR review.

Chair Sutherland asked if these transfers were subject to appropriation by the legislature in the current session.

Mr. Challstedt said yes.

Chair Sutherland asked if the legislature were to come back with a lesser amount, would they reduce the dollar amount starting from the bottom of the list.

Mr. Challstedt said that traditionally the legislature gives the Department an appropriation, budget language, and then a list that may be different from the one the Department submitted.

Mr. Anderson asked how buying private timberland affects the overall land acreage for commercial forests. He wondered if there had ever been analysis done on this type of situation.

Mr. Challstedt responded that he didn't think there had been specific analysis completed. He added that the acreage replaced is about half the trust acreage transferred so that the total trust ownership is reduced. He said the impact on private forestland is small compared to the total amount of acreage in private ownership.

Mr. Anderson wanted to know if there was a breakdown of really good timber as opposed to old timber that people want to see preserved.

Mr. Challstedt replied that there was not a detailed breakdown but that the maps and descriptions in the TLT booklet provide some indication of timber types.

TIMBER SALES (Action Item)

Proposed Timber Sales for March 2005 (Handout 2)

Jon Tweedale, Product Sales Assistant Manager, presented. He began by stating that it's a seller's market right now, with housing starts quite strong. He indicated that interest rates had dropped a little in the past few months, building a base under new housing starts. He noted that new house starts have dropped off for the last two months but from a relative perspective it hadn't been that significant. He announced that a new mill was opening in Everett that would have about 150-200 million board feet capacity.

January 2005 sales results: 13 sales offered & 13 sold; 56.1 mmbf offered & 56.1 mmbf sold; \$18.2 million minimum offered & \$24 million sold; \$325/mbf offered & \$427/mbf sold; average number of bidders was 5; 32% above minimum bid.

Mr. Tweedale discussed supply and demand in the marketplace, explaining that there were three segments: finished product (lumber), raw materials (logs), & stumpage. He explained that the return to the stump depends on the supply or demand balance. He indicated that in the last year there had been an increase in home sales (lumber) and no increase in logs, which translated into no increase in

stumpage prices. A year ago there was an increase in housing starts and log prices went up, but it still did not translate into an increase in stumpage return due to substantial stumpage and logs on the market. He said that the current situation is very different in that supply and demand is in balance, there's more lumber producing capacity in the region, and the market is heading out of a world wide recession; those factors have caused the increase to translate into higher stumpage prices. He predicted that for the next six months the market would experience good prices; heading into next year, if the housing starts drop off, that could all change.

Dr. Cook asked what kind of spread there was between multiple bidders.

Mr. Tweedale said that in some cases there's a spread, but this month in particular was a very close bidding, with as many as 9 or 10 bidders on some sales. He added that there are a lot of brokers coming into the market right now, not sawmills, which he felt indicated the possibility of an increase in margin. The spreads this month between number one and number two were not significant but they have been in the past.

Dr. Bare asked if they were working under the new Westside Sustainable Harvest Calculation volume.

Mr. Tweedale said yes.

Dr. Bare asked if 550 mbf would be harvested statewide.

Mr. Tweedale said that 550 is the sustainable harvest level but DNR would offer 570 this year due to 10 mbf of carry over from last year that did not sell because of no-bids. He felt that the Department could reach 580 or 590 this year.

Dr. Bare asked why the Department wasn't being more aggressive if this is such a great time to sell?

Mr. Tweedale said the timber sales program is taking advantage of the market as much as possible. He explained that in January they sold 56 mbf, February he brought approximately 50 mbf, March would bring 58 mbf, April would bring 80 mbf, and May would be even higher. He said they are moving up the amount of board feet and he has asked the regions to bring volume forward from next year because of what he's seeing in the marketplace currently; he noted that the macroeconomics show that the spike is going to be short-term.

Dr. Bare asked if he had the manpower to achieve that level?

Mr. Tweedale said no, but the regions are pulling together to make it happen. He added that if DNR had excess capacity to lay out sales they would be bringing even more forward. He felt that DNR could exceed 570 by bringing the Fiscal Year 06 volumes into this year.

Chair Sutherland explained that in the last few years there had been a reduction in almost 200 people in the timber sales program; continuing, even at this lower level, is still expending more funds than are being generated. The increase in the market value is very exciting however the Department doesn't receive the payments until the actual harvest so the ability to transition requires spending money that DNR doesn't have. For Mr. Tweedale to increase the amount of work in the near term would involve more than just borrowing next years sales it would be asking employees to do dramatically more with less resources. He said the response from field staff to do this has been amazing, however he is concerned about the well being of the organization under those circumstances.

Mr. Tweedale said he has shortened contracts to 12-16 months. He added that what Chair Sutherland was saying is that essentially they are robbing from FY06 and that there's no way to fill in that hole in the future unless DNR starts hiring, but due to a limited budget they can't. He said it would be a real balancing act between cash flow and transition.

Mr. Anderson commented on how DNR is currently working with the legislature on raising the management fee from 25% and wondered if the timing would assist in an immediate transition or would there be a flat spot in the next year.

Chair Sutherland responded that it was an excellent question and to answer it there would have to be some assumptions made. He said that the RMCA account is severely depleted and even if the legislature approves the retainage fee increase there would still be a lead-time problem; which would result in a flat spot. He felt that it would take about two years to transition. Chair Sutherland said he was not as optimistic as Mr. Tweedale but he'd like to see if after the next four to five months the market continues this trend.

Mr. Tweedale interjected to say that he didn't think this particular market trend would last; yet he's taking advantage of the temporary spike.

Mr. Anderson said it would be in the Department's best interest to keep logging costs down.

Mr. Tweedale responded that DNR had decreased their logging prices and they are constantly changing practices to be more efficient. He said that he has been part of purchaser meetings where the discussions have gone well and both parties learned about each other's missions. He stated that DNR's costs have gone down by 41% in the last four years. He said that logging costs have been lowered because of the way the timber sales are laid out, including leave trees and stream buffers.

Mr. Anderson said the IRC committee recognized that the Department has been holding the purchaser's meetings and trying to come up with ways to keep logging costs down and he agreed that it should continue.

Dr. Bare commented that if the retainage fee increase is approved and the Board has the authority to review and adjust it every two years, then the Board would need to be even more informed about the two year forecast for timber sales so that they have a knowledge base to set that rate.

Mr. Tweedale said the Department had been working on that since the SHC resolution was passed in September and there is a ten-year plan of program implementation through out the agency. There have been sustainable forest transition workshops at each region. The transition is very complex and at some point in the future Bruce Mackey and Howard Thronson would present what's been done as far as planning and would give the Board a better indication of how that fits in with the Board's requirement to make those management decisions.

Proposed March 2005 Board Sales: 15 sales with 58.4 mmbf; \$14.9 million minimum bid; average \$254/mbf.

Mr. Tweedale brought the Board's attention to two SEPA letters that were almost identical for two separate sales. He explained that in both cases the issue was adjacency of timber harvest to homeowners. The concerns raised were additional hydrologic potential, water flow, and geologic concerns for potential unstable slopes. He stated that DNR had met on-site with all the landowners and additionally the region geologists, division hydrologist, and the division geologist had all inspected the

site; their write ups were included in the Board packets. He said that the sales were laid out with due diligence lumping leave trees directly above one property. The two sales being discussed were Diver Down and Monroe Capital.

Mr. Anderson wanted to know if the Department had received any further correspondence after DNR's response?

Mr. Tweedale said no.

Ms. Bergeson asked if the Department had satisfied the public's concern.

Mr. Tweedale responded that the Department had mitigated in excess of the extent necessary under Forest Practices rules and he said he felt confident that the two sales should proceed.

MOTION: Dr. Bare moved to approve the March 2005 Timber Sales.

SECOND: Commissioner Anderson seconded.

DISCUSSION: Chair Sutherland asked if any trees had been identified as tone wood, which is used for the construction of musical instruments. He said there had been an enormous amount of theft in this type of wood both in the public and private forests. He added that it's primarily spruce and burl wood maple that make up this type of wood for instruments.

Mr. Tweedale said theft is a major issue and DNR does try and lay out sales that include tone wood. He gave an example of a burl wood maple sale that was laid out and brought to auction but it didn't sell. He added that it's a difficult issue of theft and trying to accommodate the smaller markets while still trying to accomplish the Department's volume goals; he said they do everything they can to accommodate all the markets.

Dr. Bare asked if the Board could review the timber sales broken down by trust. He thought it would be beneficial for the Board to know how much volume is being sold into each trust.

Mr. Tweedale said yes. He said that one of the topics being discussed at the region transition workshops was that the Department would be tracking volume by trust and ownership group in the future.

ACTION: Motion passed unanimously.

LEWIS GRAVEL SALE (Action Item)

Paul Penhallegon presented his proposal for the Lewis Gravel sale in Northeast Region. He began by saying that it's not often that the Leasing Division comes before the Board but right now they have an opportunity to propose a gravel sale. He said that it has been difficult to bring these gravel sales forward due to the fact that it's not always obvious where the opportunities are. He explained that this gravel pit had been in existence since 1952 and there's now an opportunity at a particular location to offer another lease. He said that employees in the NE region had been working the last two years to put this together to bring in a quarter million dollars in revenue for the trusts. He thanked Tim Gallagher, Brian Derting, and Chuck Gulick for their efforts in the process. He said the reason that this sale was being brought forward to the Board is because the ability to sell gravel is authorized under the same statute that authorizes the

sale of other valuable materials, primarily timber. He described the gravel pit as being a Common School Trust parcel located three miles northwest of Winthrop Washington off of Highway 20; it's a small-scale operation with round rock aggregate. He indicated that the predominant use of the general area is for grazing with the exception of this particular pit; it's been most recently used by the Department of Transportation. He conveyed that there are roughly 15 acres total and some of it has been reclaimed; he said the general approach is to do segmented reclamation as DNR moves through the site. He talked about the economics of the gravel sale stating that there is strong local demand for gravel and its value is \$1.00/cubic yard, which equals out to 25,000 to 30,000 cubic yards per year. It would bring a \$250,000-\$300,000 royalty value to the State. He talked about the contract conditions explaining that it would be a 10-year contract with a possible five-year extension with a minimum \$5,000 annual royalty. He added that Okanogan County had granted a conditional use permit. The purchaser would be responsible for annual permit fees, performance security, revised reclamation, and ongoing segmented reclamation.

Mr. Anderson asked how much of the land was in Okanogan County's Growth Management Act (GMA) mineral resource overlay.

Mr. Penhallegon said he would have to look into that, as he did not have an immediate answer.

Mr. Anderson explained to Ms. Bergeson that part of the Growth Management Act requires resource lands to be identified in a mineral resource overlay. He wanted to make sure those steps had been taken and were included in the proposal so that in the future it wouldn't create any problems with reclamation or expansion.

Ms. Bergeson asked what a mineral resource overlay meant in regards to the GMA?

Mr. Anderson explained that when a County is mapped a GMA map is used to identify mineral resource land; policies are then put in place so that people don't encroach on the land preventing extraction of any minerals. In the mapping process most counties identify existing operations and any expansion would require a conditional use permit.

Mr. Penhallegon continued stating that the operations would entail using a dozer and front end loader to excavate material, there would no blasting, rock crushing, or batch plants on site. All material would be hauled off site for processing and the removal would take place from spring until winter. The sale conditions include an oral bid auction with a \$2,500 opening minimum bid; the contract would be awarded to the highest qualified bidder.

MOTION: Superintendent Bergeson moved to approve the Lewis Gravel Sale Proposal.

SECOND Mr. Nichols seconded.

ACTION: Motion passed unanimously

CHAIR REPORTS

Policy for Sustainable Forests

Bruce Mackey, Craig Partridge, & Clay Sprague came forward to continue their ongoing monthly presentation on the Policy for the Sustainable Forests Plan.

Mr. Mackey reminded the Board that they would continue on as they had at the last meeting, reviewing proposed policies for sustainable forestry, not agriculture, commercial lands, or asset management. He

said today they would be covering five more policies for consideration: watershed systems, riparian management zones, wetlands, cultural resources, and aesthetics.

Clay Sprague, project manager, for the development of Policy for Sustainable Forests presented.

Mr. Sprague announced that based on the discussion at the January meeting a working notebook was developed for the Board members. He explained that the notebook had been organized much the same way the final Policy for Sustainable Forests document would be, and that tabs were created for each of the sections that ultimately would be in the document.

He said the sections dealing with policy subjects would be filled in as they progress through them over the next several months and the policy statements would transition from Department recommended to Board Preferred.

He pointed out that in the notebook under the Economic Performance and Forest Ecosystem Health and Productivity Sections there were tabs for each of the policy subjects discussed last month. In each of those sections a worksheet containing a discussion of the policy subject and the Board's preferred alternative along with the policy statements and a place for notes was created. In many cases the discussion had substantially changed from the December 7th document to focus on the preferred alternative, clarify the intent, and incorporate Board suggestions; new discussion that had been added would be in blue.

He added that they had focused and condensed the policy statements as well. He indicated that they were not highlighting minor editing but showing the substantive changes in the policy statements made as a result of the Board's suggestions; those would also be shown in blue.

He emphasized that another purpose of these worksheets is to begin to reflect what the Board would see in the final adopted Policy for Sustainable Forests.

Financial Diversification (page 5)

Mr. Sprague explained that in the discussion they had added examples of future opportunities for diversifying the revenue sources from forested state trust lands that the Department may pursue. The Board also suggested that the Department should think about the future and prudently pursue those that have potential for increasing net revenue to each trust beneficiary. He said they had added a policy statement to reflect that suggestion.

Mr. Partridge added that several of the Board members had indicated their desire to keep a rolling consensus on the issues but not spend a lot of time on the retrospective policies. If something strikes anyone negatively this would be the time to alert DNR staff to it so that it can be revisited.

Financial Assumptions (page 7)

Mr. Sprague stated that the Board had suggested that the Department review its financial assumptions at least once a year; he noted that it had been added to the policy statement.

Dr. Bare wanted to know if the policy had been changed to reflect the consistency of financial assumptions used throughout the Department in regards to forest trust assets.

Mr. Sprague said the change in the policy reflects the need for a consistent set of financial assumptions for uplands.

Circumstances Triggering the need for a Recalculation of the Sustainable Harvest Level (page 8)

No Changes

Definition of Sustainability for the Sustainable Harvest Calculation (page 9)

“Sustainable Harvest units for Eastern Washington will be determined as part of the Eastern Washington Sustainable Harvest Calculation”, has been added and “No policy is needed at this time in the Policy for Sustainable Forests.”, has been struck.

Ms. Bergeson asked if the achievement of the key policy objectives would be included in the final document.

Mr. Sprague responded that he didn't know if they would be in that form but they would be discussed.

Land Classifications (page 10)

Mr. Sprague stated that they had clarified the policy statement and updated the discussion by adding “Designate those lands in timber resources that are unavailable for harvest as either short or long term deferrals”.

Forest Health (page 11)

He said that based on the Board's recommendation they added a paragraph to really emphasize management of species, composition, and stocking levels as the Department's major approach. The policy statements were re-ordered so that the first one talks about the Department's priority of development of strategies. The second paragraph retains the fact that the Department will also incorporate forest health practices to deal with insects, disease, animals, and evasive species.

Wildfire and Catastrophic Loss Prevention (page 12)

Mr. Sprague said the only change was in the second policy statement where they talked more about local coordination efforts in fire prevention.

Chair Sutherland asked if they should include funding from “State or Federal funding”.

Mr. Sprague said that suggestion was noted.

Genetic Resource (page 14)

Mr. Sprague stated that the word “commercial” was struck so that it wouldn't unintentionally limit the policy.

Special Ecological Features (page 15)

Mr. Sprague said there were no significant changes.

Ms. Bergeson referred to lines 17-20 and questioned the implications of the statement “landscape context where ecosystem processes are still functioning”.

Mr. Sprague clarified that it was meant to convey that perhaps ecosystem processes are going forward with little human interaction. He agreed with Ms. Bergeson's observance and said they would look at it further.

Watershed Systems (page 21)

Mr. Sprague began by pointing out that the first three subjects being discussed today involve changes to Forest Practice Rules that have occurred. The policy discussions would update the policies to reflect current Forest Practices Rules.

Ms. Bergeson asked if that meant that the Department was already doing most of what is being proposed in the Preferred Alternative?

Mr. Sprague said yes.

Mr. Mackey added that the past policy from 1992 was prior to the current Forest & Fish and Forest Practice Rules, which has influenced where Policy for Sustainable Forests is headed.

Mr. Sprague stated that forested watersheds managed by the Department are an important resource for the state of Washington. The condition of the forest in those watersheds has a significant influence on the quality and the quantity of the resource and can affect the timing and magnitude of peak water flows.

This subject area deals with how the Department would consider and analyze the influences of forest management activities on water quantity, timing, and quality including cumulative effects.

The alternatives vary from relying on existing state and federal laws and the HCP to assess impacts on key watershed resources and systems, including cumulative effects; to in addition to complying with existing law, assessing potential impacts to watershed systems through a Department forest land planning process where appropriate.

The Department's recommended alternative recognizes that, in some cases, it may be more cost-effective and protective of the ecological health of trust assets, to proactively identify potential cumulative effects of Department activities on a landscape basis prior to design and layout of timber harvests.

It also recognizes that the department will not rely on the voluntary regulatory watershed analysis process to carry out this analysis. Through a Department forestland planning process, strategies could be developed to mitigate potential impacts and implemented through sale design and layout. This can avoid redesigning sales once they have been laid out, to mitigate cumulative effects issues that were identified after the fact, through the SEPA evaluation.

The Department's recommended alternative is closely tied to the recommended alternative for Forest Land Planning that will be discussed in April.

The Department recommends this alternative over the others because it provides the Department the ability to exercise professional judgment and the best available science in utilizing a variety of tools and processes to analyze the impacts of Department activities on watershed systems in the most cost-effective manner where appropriate. This alternative also clarifies the Department's intent to not rely strictly on regulatory processes to ensure protection of the ecological productivity of trust assets, as do the other two alternatives.

Mr. Nichols asked for clarification on the difference between alternative 2 & 3.

Mr. Sprague explained that presently cumulative effects are dealt with mainly on a sale-by-sale approach through a SEPA checklist. Alternative 3 suggests looking at the cumulative effects up front, addressing any issues, and then building sales around that.

Mr. Nichols asked how this policy addresses the issues that have been raised regarding cumulative effects.

Mr. Sprague responded that the Department would be developing implementation plans that would go through the SEPA process, which requires DNR to look at cumulative effects. Strategies would be developed to deal with watershed systems cumulative effects that would then be analyzed in the SEPA process.

Mr. Anderson asked how the Department benchmarks cumulative effects.

Mr. Partridge said that generally the benchmark concept that is used is a historic range of variation in the particular watershed DNR is talking about. DNR looks at the historic range and then analyzes whether or not the Department's future activities being studied would stay within that range or exceed it.

Ms. Bergeson asked for an example of a watershed area.

Mr. Sprague said watershed areas are based upon ecological boundaries being as small as a type 3 drainage basin up to an HCP planning unit. He added that it could be as small as a single creek or a huge river system.

Ms. Bergeson asked if this policy dealt strictly with water issues such as the temperature of the stream.

Mr. Sprague said that was correct.

Chair Sutherland mentioned that the State uses Water Resource Inventory Area (WRIA) for their watershed planning with Salmon Recovery. He wondered if DNR was using the same definitions as WRIA.

Mr. Sprague said he did not know for sure.

Mr. Nichols suggested narrowing down the criteria under alternative 3 subject B. He felt that the distinction between alternative 2 and 3 was not reflected in the alternative 3 discussion.

Mr. Sprague said he heard two points: 1) make sure that the distinction between alternative 2 and 3 is reflected in the discussion 2) Define what is meant by appropriate; when DNR would use the forestland planning process and when they wouldn't.

Mr. Bare asked if the intention was to have the policy read only what's stated under A & B. He felt that if that was the case it was a weak statement. He added that the policy should include the HCP.

Mr. Partridge said the suggestions were very helpful.

Ms. Bergeson said that people reading the policies should be able to clearly understand them.

Mr. Nichols said the policy should be more explicit in terms of the HCP.

Mr. Mackey said there might be two things causing confusion: dealing with an old regulatory watershed analysis process versus how the Department deals with cumulative impacts. He suggested that it might be good to split those two items up for clarity.

Riparian Management Zones (page 22)

Mr. Sprague said they added an alternative 3 and changed the Department's recommended alternative from #2 to #3. He said he would address those changes in his discussion.

He started by explaining that riparian areas are areas where land and water meet along stream and lake margins and include stream banks, floodplains, wetlands, and associated riparian plant communities. Riparian areas are important for wildlife and for protecting water quality and protection of riparian acreage and function is an integral part of the Habitat Conservation Plan.

There are three alternatives identified for this subject that vary according to the level of protection provided to riparian areas. The alternatives range from reliance on the HCP for protection of riparian areas in Western Washington and forest practice rules in Eastern Washington (alternative 2) to an updated version of the current policy (alternative 3).

The Department recommended alternative (alternative 3) continues the current level of protection for riparian areas, consistent with HCP practices, but clarifies the language to be consistent with current state Forest Practice Rules which is moving to a fish/non-fish terminology. This alternative also allows the Department to continue to ensure ecological productivity of the riparian areas in Eastern Washington. Alternative 2 does not provide the same level of protection in Eastern Washington, especially for seasonal non-fish bearing streams, as the current policy.

Mr. Bare said he had some of the same concerns with this policy as he did with the watershed policy. He noted that there were riparian zones set up within the HCP, yet they weren't mentioned in the policy. He added that in Eastern Washington it appears that the Department is exceeding the Forest Practices level and that isn't directly referenced either. He felt that it should be clear that in Western Washington the HCP guides forest management and that in Eastern Washington Forest Practices Rules guides the management.

Mr. Sprague said that the one place where the Forest Practices Rules falls short of the current policy is on what used to be the Type 5 streams (seasonal non-fish). He said they would be more explicit when describing the difference in the policy.

Wetlands (page 23)

Mr. Sprague began on the third policy stating that wetlands are characterized by a high diversity, density, and productivity of both plant and animal species. They provide some of the most important fish and wildlife habitat in forestlands. Maintaining the hydrologic functions of wetlands riparian areas is essential to maintaining the health and function of the entire aquatic ecosystem, and contributes to the health of upland ecosystems as well. Protection of wetland acreage and function is an integral part of the HCP's riparian strategy.

There are two alternatives identified for wetlands. The current policy language, which was adopted prior to current state Forest Practice rules regarding wetlands and the HCP, is no longer consistent with current rules nor does it meet the intent of the HCP regarding wetlands protection.

Two categories of artificially created wetlands are now protected under Forest Practices Wetland Rules: those created, restored, or enhanced as part of a mitigation procedure; and those inadvertently created as a result of current or past practices including, but not limit to road construction, landing construction, railroad construction, or surface mining.

The Department recommended alternative updates and clarifies the policy to be compliant and consistent with Forest Practice Rules and the intent of the HCP by removing the word “artificially” from the policy statement and adding “as defined by state Forest Practice Rules.”

Mr. Anderson asked how the Department interfaces their wetland policies with local jurisdictions and their required ordinances by Growth Management?

Mr. Partridge said the no net loss of function and acreage is the standard for most jurisdictions, which essentially takes care of itself.

Mr. Anderson rephrased his question asking how DNR intertwines with the other jurisdictions on a site-by-site basis.

Mr. Partridge explained that on a site-specific basis DNR scientists and independent scientists try to figure out the most sensible approach.

Mr. Partridge said the region staff would be contacted to find out what their assessment of that issue is.

Mr. Bare said he is still bothered by the fact that the wetland policy isn't about protecting natural resources around wetlands but more focused on not losing any, yet the riparian management zones is where the protections of the resources is established. He felt unclear on how those two policies would work together and thought the titles were misleading.

Mr. Sprague said that Mr. Bare was correct and he'd been thinking about how they could change that.

Mr. Partridge interjected and said that the Riparian policy is first and foremost about establishing zones and a standard of protection. Under the Wetlands policy the riparian zone establishes the zone of protection but the wetland policy on top of the riparian policy establishes the no net loss, so not only are the key fish & wildlife and plant resources being protected but DNR is establishing no net loss of the wetland itself.

The Board members agreed that Mr. Partridge's explanation made sense. Mr. Sprague said they would make the necessary changes to reflect the conversation.

Cultural Resources (Page 27)

Mr. Sprague stated that timber harvesting and associated road building activities could have various impacts on cultural resources and their functions. Archaeological and historic sites as well as traditional cultural properties can experience physical damage with a loss of cultural, scientific and historic values.

The Department recognizes the significance of cultural properties, current cultural uses, and historic and archaeological sites, as well as the importance of government-to-government communications and collaboration with Tribes and interested stakeholders.

Two alternatives have been identified for this subject area. The current policy addresses historic and archaeological sites but is silent on traditional cultural properties or other cultural resources.

The Department's recommended alternative not only maintains a program for protecting significant historic and archaeological sites but also promotes communication and collaboration with the Tribes and interested stakeholders to address culturally significant areas. This alternative also allows protection of

significant historic, archaeological, or culturally significant areas through compensation to the affected trust where appropriate.

This alternative is recommended as it encourages partnerships with the Tribes and interested stakeholders and provides balance between trust income and protection of historic, archaeological and culturally significant areas or resources, sometimes through compensation to the affected trust where appropriate.

Dr. Bare asked if they could combine A & B by saying something along the lines of “the policy of the Department is to protect significant historical, archeological, and cultural sites”. He said that collaboration could be a separate statement or in the discussion.

Mr. Partridge said that was a very helpful comment and that in A they were trying to make a distinction between the old policy’s intent of development and the current situation of maintaining it. He felt that they could delete that and simply state the policy.

Mr. Nichols asked if C implied that Tribes or the Federal Government could buy culturally significant land?

Mr. Partridge said that was correct and the discussion section would reference the Commissioner’s Order on Cultural and Tribal Relations, which clearly establishes that.

Aesthetics

Mr. Sprague explained that they had modified the Department’s recommended alternative.

He stated that Department activities could alter the visual nature of forest stands and forested landscapes. Those visual changes could be local in nature, such as views from a recreational trail or an individual residence; regional, such as foreground and background views from a county road or state highway, or a background view to cities and towns; or statewide, such as the Mountains-to-Sound Greenway, or the Columbia River Gorge.

There are four alternatives identified for this subject and vary from a fairly inflexible, rigid statewide approach of limiting regeneration harvest size with required 300 buffers between harvest units (alternative 1); to an approach that provides a high level of flexibility to field operations to address visual impacts in any manner deemed appropriate (alternative 3).

The recommended alternative recognizes that other land management requirements can be, and are, used to mitigate visual impacts. These include riparian and wetland buffers, protection of unstable slopes, and location and arrangement of leave trees. Under this alternative those other requirements would generally be used to mitigate visual impacts of a local nature, while visual impacts of a regional or statewide scale may require other strategies as well. Those other strategies may be developed through a forestland planning process.

This alternative recognizes that the combination of other land management requirements with development of other strategies where needed may reduce the need for the current policy related to 300 foot buffers between harvest units as the primary method for addressing visual impacts. This alternative retains the 100 acre limit on regeneration harvest as part of the overall strategy until other mitigation strategies are developed that mitigate equally or better than the 100 acre restriction.

Mr. Nichols asked for clarification on the hundred-acre limit.

Mr. Sprague responded that the recommended alternative states that if DNR were to develop other strategies for visual impacts as well as or better than the current practice, then the current policy related to the 100 acre maximum and 300 foot buffers between units would be eliminated as those strategies develop.

Mr. Nichols reiterated that it wouldn't be an across the board elimination of the 100-acre restriction but the safety net would be lifted if the Department were to develop other strategies.

Mr. Sprague said that was an accurate description.

Ms. Bergeson felt that the policy language was not clear enough.

Mr. Anderson felt that the beginning statement was too broad in its description of a background view to a city or town.

Mr. Sprague responded that as they do the forestland management process with field operations they would be identifying any potential visually sensitive areas; appropriate strategies would be developed at that time to deal with those types of issues.

Mr. Partridge interjected to say that in DNR's planning process they would apply landscape planning that recognizes the difference between foreground, intermediate, and background. He added that they would clarify the policy language to better reflect the suggestions made by the Board.

Chair Sutherland went back to the timber sales and pointed out that there were four sales in excess of 100-acres; in each of those sales they were described as units. He wanted to know if in the context of harvest area is the policy referring to areas, sales, or harvest units.

Dr. Bare referred to point C in the policy and expressed his concern that this is the first time the Board/DNR has been worried about a transition plan, he wondered if it was appropriate to include that in the policy.

Mr. Partridge responded it's a not a one size fits all consideration in how they describe transition from the current situation to the future. He felt that the policy should include whatever aspects are important to the decision makers.

Dr. Bare suggested that C be included in the discussion instead of the policy. He felt that the some of the old language was creeping into the new policies, which isn't consistent with some of the current active management strategies.

Mr. Sprague added that they only had one policy that dealt with visual impacts, with population growth it has become increasingly more important to develop strategies to deal with those issues.

Mr. Nichols said that's the broad vision that needs to be reflected in the aesthetics policy.

Mr. Partridge concluded by saying that they would be tuning up the policies that were discussed and would bring them back to the Board next month.

Timeline Changes

Mr. Sprague pointed out to the Board that they had changed the timeline for adoption of the Policy for Sustainable Forests in order to allow more complete analysis in the DEIS of the policy choices. This would give the Board more complete information about the environmental impacts of the policy choices. This would also allow for discussion of the Board's preferred alternative in the FEIS.

The new timeline has the DEIS coming out around April 15, 2005 with a thirty day comment period. This means that the Policy for Sustainable Forests would be targeted for adoption at the September 2005 Board Meeting.

Mr. Sprague said he does plan to maintain the schedule for Board Discussion of the individual policy subjects but will now have more time to discuss the suite of Board preferred alternatives May through August.

Next month they plan to discuss the following policy subject areas:

Older Forests and Old Growth (page 15)

Wildlife Habitat (page 19)

Local Economic Vitality (page 30)

General Silvicultural Strategy (page 32)

Forest Land Transactions (page 36)

Roads (page 37)

Acquiring Rights of Way (page 38)

Granting Rights of Way (page 39)

Mr. Mackey wanted to update the Board on several pieces of legislation. He informed the Board that he would be testifying later in the day regarding HB 1360 dealing with Ancestral Trees. He said it could influence next month's discussion on Old Growth.

Mr. Nichols asked if Mr. Mackey could provide the Board with his statement to the legislature.

Mr. Mackey said yes.

Mr. Anderson wanted to know what kind of definition was being used to describe Ancestral Trees.

Mr. Mackey said trees that are 150+ that exist in a forest community that is characterized with large standing trees, large snags, large logs on land, and if applicable large logs in streams. He said that the definition leaves a lot to interpretation. He added that DNR had been directed by the legislature to put together a scientific team to define and map Old Growth.

Mr. Nichols asked if that was a budget proviso.

Mr. Mackey said yes, Section 509.

Mr. Bare asked if Mr. Mackey had any comments on the bill that was introduced regarding setting up 75+ year leases on trust lands for multiple use benefits.

Mr. Mackey said no.

Ms. Bergeson said it would be useful to receive a fact sheet with DNR related legislative information, which could also be given to the public in a clear and understandable format.

Mr. Anderson said he felt that it was a benefit to the Department to have Dr. Jerry Franklin on the scientific team because of his objectivity.

PUBLIC COMMENT FOR GENERAL ITEMS OF INTEREST

Rod Fleck - City of Forks

Mr. Fleck wondered if the cumulative effects policy could potentially limit the use of the headwaters because of practices downstream; he felt that the wording could open up that possibility. He felt that it could cause conflict with DNR trying to serve the beneficiaries for their money while also trying to compensate water quality objectives for other peoples uses. He talked about the public access policy where it states “including compensation where prudent”, and said that it weakened the entire policy. He suggested reinstating that one of the reasons to limit access could be for the generation of revenue. He then touched on the aesthetics policy stating that it should be addressed to the issue of how it would increase costs or reduce revenue; he expressed concern over the fact that there was no discussion addressing that. He said that compensation for the trusts was not defined in any of the policies and that there may be a need for a policy addressing that.

Chair Sutherland asked if there was anyone else present wishing to make comment before the Board? Seeing none, hearing none.

Meeting adjourned at 11:55 a.m.

Approved this ____ day of _____, 2005

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Christine Gregoire

Bruce Bare, Dean, University of Washington

R. James Cook, Dean, Washington State University (Interim)

Terry Bergeson, Superintendent of Public Instruction

Ted Anderson, Commissioner, Skagit County

Attest:

Sasha Lange, Board Coordinator